

1                               BEFORE THE  
2                               FEDERAL ENERGY REGULATORY COMMISSION  
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6               IN THE MATTER OF:                       : Docket Number

7               MIDWEST RTO PANEL CONFERENCE       : RT02-2-000

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9  
10                           Hearing Room 11-2-1  
11                           Federal Energy Regulatory  
12                           Commission  
13                           888 First Street, NE  
14                           Washington, DC

15  
16                           Tuesday, November 27, 2001

17  
18               The above-entitled matter came on for panel  
19               conference, pursuant to notice, at 10:05 a.m.

20

21               BEFORE COMMISSIONERS:

22                           CHAIRMAN PAT WOOD, III

23                           COMMISSIONER NORA MEAD BROWNELL

24

25

1 APPEARANCES:

2 HONORABLE SANDRA L. HOCHSTETTER, Chair

3 HONORABLE LAVENSKI R. SMITH, Commissioner

4 SAM BRADDEN

5 MARY COCHRAN

6 Arkansas Public Service Commission

7

8 HONORABLE TERRY S. HARVILL, Commissioner

9 RANDY RITHMILLER

10 HOWARD HAW

11 SIRHAN OKER

12 TOM KENNEDY

13 DENNIS HUNDRIESER

14 Illinois Commerce Commission

15

16 HONORABLE WILLIAM D. MC CARTY, Chair

17 HONORABLE DAVID W. HADLEY, Commissioner

18 HONORABLE DAVID E. ZIEGNER, Commissioner

19 HONORABLE JUDITH G. RIPLEY, Commissioner

20 KAREN BOYCHEN

21 JOE SUTHERLAND

22 BRAD BORON

23 BOB POLLY

24 LAURA SENGROS

25 Indiana Utility Regulatory Commission

1 APPEARANCES:

2 HONORABLE DIANE MUNNS, Chair

3 BILL SMITH

4 Iowa Utilities Board

5

6 HONORABLE JOHN WINE, Chair

7 HONORABLE CYNTHIA CLAUS, Commissioner

8 HONORABLE BRIAN MOLINE, Commissioner

9 TOM STRATTEN

10 DANA BRADBURY

11 Kansas Corporation Commission

12

13 HONORABLE MARTIN J. HUELSMANN, Chair

14 HONORABLE GARY W. GILLIS, Vice Chair

15 HONORABLE ROBERT E. SPURLIN, Commissioner

16 Kentucky Public Service Commission

17

18 HONORABLE ROBERT B. NELSON, Commissioner

19 HONORABLE DAVID A. SVANDA, Commissioner

20 JANET HANNEMAN

21 MIKE FELIX

22 MICK HEISER

23 PAT BARONE

24 SHARON GEROSE, GREG WHITE

25 Michigan Public Service Commission

1 APPEARANCES (Continued):

2 HONORABLE EDWARD A. GARVEY, Commissioner

3 HONORABLE PHYLLIS REHA, Commissioner

4 HONORABLE LEROY KOPPENDRAYER, Commissioner

5 Minnesota Public Utilities Commission

7 HONORABLE KELVIN L. SIMMONS, Chair

8 HONORABLE STEVE GAW, Commissioner

9 MIKE PROCTOR

10 STEVE DODHEIM

11 WARREN WOOD

12 Missouri Public Service Commission

14 HONORABLE LOU LAMBERNI, Chair

15 TIM TEXTILL

16 Nebraska Power Review Board

18 HONORABLE JAMES Y. KERR, II, Commissioner

19 JAZELL RANKIN

20 North Carolina Utilities Commission

22 HONORABLE SUSAN WEFALD, President

23 HONORABLE LEO M. REINBOLD, Commissioner

24 HONORABLE TONY CLARK, Commissioner

25 JERRY LEAN

1 North Dakota Utilities Commission

2 APPEARANCES (Continued):

3 HONORABLE ALAN R. SCHRIBER, Chair

4 HONORABLE JUDITH A. JONES, Commissioner

5 DON HOWARD

6 NIKKI CROCKER

7 RAYMOND RAVSHANKER

8 FOKESHIA SHEPARD

9 Public Utilities Commission of Ohio

10

11 HONORABLE DENISE A. BODE, Chair

12 JACQUELINE MILLER, ESQ.

13 Oklahoma Corporation Commission

14

15 JOE WITMER

16 JOHN LEVIN

17 Pennsylvania Public Utility Commission

18

19 DAN MC CORMICK

20 ASTER RUTIBABILIRA

21 DAVID SAPPER

22 Tennessee Regulatory Authority

23

24 JEFF TOTTEN

25 Public Utility Commission of Texas

1 APPEARANCES (Continued):

2

3 CODY WALKER

4 Virginia State Corporation Commission

5

6 HONORABLE CHARLOTTE R. LANE, Commissioner

7 DAVID ELLIS

8 Public Service Commission of West Virginia

9

10 HONORABLE ROBERT M. GARVIN, Commissioner

11 SCOTT COLLIN

12 BOB NORCROFT

13 JOHN SEITZ

14 Public Service Commission of Wisconsin

15

16 SHELTON CANNON

17 TONY INGRAM

18 JAMIE SIMLEV

19 CYNTHIA MARLETTE

20 ANDREW SOTO

21 KEVIN KELLY

22 MICHAEL MCLAUGHLIN

23 JOE POWER

24 KEVIN CADDEN

25 Federal Energy Regulatory Commission Staff

1 PROCEEDINGS

2 CHAIRMAN WOOD: Good morning. I'm Pat  
3 Wood, III, Chairman, and I'm joined here by Nora  
4 Brownell, and Commissioner David Svanda from  
5 Michigan is here in person. I want to thank you all  
6 for coming on today.

7 I'm going to read a little script into the  
8 record. We are transcribing this event, as we  
9 indicated in our order, so the other parties in the  
10 docket can know what our discussions were. So I'll  
11 start with this script.

12 Today members of FERC and its staff are  
13 holding state, federal, regional panel discussions  
14 -- I should add our first -- with state  
15 commissioners in the Midwest to discuss RTO matters.  
16 Today's discussions are pursuant to the Commission's  
17 order that we issued on November 9, 2001, in docket  
18 number RT02-2. The discussions are not open to the  
19 public. However, to comply with Sunshine Act  
20 requirements, no more than two FERC Commissioners  
21 will be present for the discussions at any one time.

22 Additionally, a complete transcript of the  
23 discussions will be placed in that same docket, and  
24 in other pending dockets as appropriate, and thereby  
25 be available to parties in the proceedings and to

1 other members of the public.

2 Many state commission participants in  
3 today's discussions will be participating by  
4 teleconference. Therefore, it's particularly  
5 important, for each other and for our transcriber,  
6 that all participants please identify yourself prior  
7 to each time you speak so that the transcript can  
8 clearly reflect who spoke.

9 With those ground rules in mind, I would  
10 like to welcome you all here. It's great to have  
11 you patch in with us today. And I would like to  
12 start with David, who is here from Michigan, and ask  
13 you to introduce yourselves, and then the  
14 transcriber, who is Carmen, will be here taking the  
15 roll as well. So, David?

16 MR. SVANDA: Good morning. Thank you.  
17 David Svanda, commissioner from the Great Lakes  
18 State of Michigan.

19 CHAIRMAN WOOD: All right. Do we want  
20 to -- do you want to call off states? Why don't you  
21 all just pipe in and say who is on the phone call,  
22 and that would probably be easier.

23 MR. CADDEN: It's easier to go  
24 alphabetically.

25 CHAIRMEN WOOD: And Kevin Cadden, who is



1           our director of external affairs, will be calling  
2           off the state roll.

3           MR. CADDEN: Arkansas.

4           MR. SMITH: Commissioners Lavenski Smith  
5           and Sandra Hochstetter and Sam Bradden and Mary  
6           Cochran.

7           MR. CADDEN: Thank you. Illinois.

8           MR. HARVILL: This is Commissioner Terry  
9           Harvill.

10          MR. RITHMILLER: This is Randy Rithmiller,  
11          Howard Haw, Sirhan Oker and Tom Kennedy with the  
12          staff of the Illinois Commerce Commission.

13          MR. CADDEN: Indiana. Indiana.  
14          Iowa.

15          MR. SMITH: Bill Smith here at the moment.  
16          Chairman Munns stepped out of the room for a minute.  
17          She'll be right back.

18          MR. CADDEN: Kansas.

19          MR. WINE: Commissioners Wine, Claus and  
20          Moline are here. We have several staff members  
21          here, Larry Holloway, Tom Stratten and Dana  
22          Bradbury.

23          MR. CADDEN: Thank you. Kentucky.

24          MR. HUELSMANN: Commissioners Huelsmann,  
25          Spurlin and Gillis, as well as several staff

1 members.

2 MR. CADDEN: Louisiana.

3 Michigan.

4 MR. NELSON: Commissioner Nelson. Several

5 members of the Michigan staff are here as well,

6 Janet Hanneman, Mike Felix, Mick Heiser, Pat Barone,

7 Sharon Gerosé, Greg White.

8 MR. CADDEN: Thank you. Minnesota.

9 MR. GARVEY: Edward Garvey here.

10 MR. KOPPENDRAYER: And Leroy Koppendrayer

11 here, snowed in at home.

12 (Laughter.)

13 COMMISSIONER BROWNELL: It's 65 here.

14 MR. CADDEN: Mississippi.

15 Missouri.

16 MR. SIMMONS: Good morning. This is

17 Chairman Simmons here. I have a number of our staff

18 members, Mike Proctor, Steve Dodheim, Warren Wood,

19 and some of our other commissioners may be joining

20 us also.

21 MR. CADDEN: Thank you. Montana.

22 Montana.

23 Nebraska.

24 MR. LAMBERNI: This is Lou Lamberní,

25 chairman of the Power Review Board, and I have our

1 staff, one staff member, Tim Textill, with us.

2 MR. CADDEN: North Carolina.

3 MR. KERR: This is Commissioner James  
4 Kerr, K-e-r-r, with the North Carolina Commission.

5 I am going to have to leave the call. We appreciate  
6 the opportunity to participate. Jazell Rankin,  
7 R-a-n-k-i-n, of the public staff of our commission  
8 will monitor the call for us. And we apologize, we  
9 had a previously scheduled engagement, but thank you  
10 for the opportunity to have Jazell participate.

11 MR. CADDEN: Thank you, Commissioner, very  
12 much.

13 North Dakota.

14 MS. WEFALD: Commissioner Susan Wefald,  
15 Commissioner Leo Reinbold and Commissioner Tony  
16 Clark are present, and staffperson Jerry Lean.

17 MR. CADDEN: Thank you very much,  
18 Commissioner.

19 Ohio.

20 MS. JONES: Yes, this is Judy Jones in  
21 Ohio. Chairman Alan Schriber is at a conference in  
22 Washington and apologizes that he cannot come on  
23 board. Also with staff, I have Don Howard, Nikki  
24 Crocker, Raymond Ravshanker and Fokesia Shepard.

25 MR. CADDEN: Thank you. Oklahoma.

1 MS. BODE: Hi, this is Denise Bode from  
2 the Oklahoma Commission, and I've got Jacqueline  
3 Miller, deliberating counsel as well.

4 Hi, Nora.

5 COMMISSIONER BROWNELL: Hello.

6 MR. CADDEN: Pennsylvania.

7 MR. LEVIN: This is John Levin with the  
8 staff of the Pennsylvania Commissioner.

9 MR. CADDEN: Hi, John. South Dakota.  
10 Tennessee.

11 MR. MC CORMICK: We have two from the  
12 Tennessee staff. I'm Dan McCormick and we also have  
13 Aster Rutibabilira.

14 MR. CADDEN: Texas.

15 MR. TOTTEN: This is Jeff Totten with the  
16 Texas staff.

17 MR. CADDEN: Virginia.  
18 West Virginia.

19 MS. LANE: This is Commissioner Charlotte  
20 Lane, and I have staffmember David Ellis with me.

21 MR. CADDEN: Wisconsin.

22 MR. GARVIN: This is Commissioner Bert  
23 Garvin. With me are three staffers, Scott Collin,  
24 Bob Norcroft and John Seitz.

25 MR. CADDEN: Since we started the roll

1 call, has anyone else rung into the call?

2 MR. ZIEGNER: Yes, Indiana. This is  
3 Commissioner David Ziegner with Commissioner Judith  
4 Ripley, Commissioner David Hadley and staffmembers  
5 Karen Boychen, Joe Sutherland, Brad Boron, Bob Polly  
6 and Laura Sengros.

7 MR. CADDEN: Anyone else who has rung in  
8 since I started the roll?

9 MS. BARKLIN: This is Charlotte Barklin at  
10 MARUC.

11 MR. CADDEN: Anyone else? Thank you.  
12 Chairman?

13 CHAIRMAN WOOD: Thank you all very much  
14 for your time today. I know it's valuable so we'll  
15 kind of jump right in. Back on, let's see, what  
16 day, a couple weeks ago, we sent out a number of  
17 questions. On November 9, we sent out to everybody  
18 a number of questions relating to various pending RT  
19 dockets and electric dockets here at the Commission  
20 that relate to RTO development in the Midwest. And  
21 we wanted to keep the questions open-ended so we  
22 could get as much helpful feedback from you all as  
23 possible before we went in and made the cuts on  
24 these final orders, which we anticipate doing at our  
25 December 19 open meeting, in a couple weeks' time.

1           So we just wanted to have the availability  
2       of us, and maybe a chance for each of you all to  
3       talk together as well before you filed your  
4       comments, which we would appreciate getting by the  
5       end of this week, if you could. And then we'll take  
6       care of all the filing, if you just get them to us.

7           But we're kind of at a crossroads here,  
8       particularly regarding the Alliance filings and the  
9       MISO filings -- MISO, MISO. I've been told, about  
10      50 percent of the time it's one or the other, so  
11      I'll just talk MISO for the heck of it -- we want to  
12      just get some feedback from you all about the  
13      various questions that we asked.

14           There were, I believe six questions that  
15      kind of relate to generally do we go with two RTOs,  
16      one, some kind of mix of both? What will work best  
17      for the wholesale markets out in the Midwest and  
18      what will provide for those of you that are retail  
19      regulators -- and I think that's most everybody --  
20      what will provide the most constructive supportive  
21      environment for wholesale market to make sure that  
22      your retail duties are performed as helpfully as  
23      they can be.

24           I kind of view our role is to make sure  
25      the whole submarket works, so you retail folks, of

1       which we were a recent part, can do your job well.

2               With that in mind, I really -- I guess  
3       since David is sitting right here, I'll start with  
4       him. But if anybody wants to pipe in, just again  
5       introduce yourself for the benefit of the  
6       stenographer, and throw any ideas or comments or  
7       questions or suggestions out there for the group to  
8       think about or for us to react to.

9               MR. SVANDA: Let me just say thanks to  
10       you -- I'm sorry, this is David Svanda. And let me  
11       say thanks to you, Mr. Chairman, and Commissioner  
12       Brownell and Bill Massey and Linda Breathitt, as  
13       well, for the opportunity.

14              And as you probably recall, when you guys  
15       ask questions, it fosters a lot of conversations, so  
16       we have been meeting by conference call. The group  
17       discussions involved in I say MISO, you say MISO,  
18       and working through the questions. And I guess my  
19       first inclination would be to give you very direct  
20       and simple, maybe even one word, answers to the  
21       questions that are asked. But that doesn't quite  
22       distill everything that needs to be said, so we'll  
23       be giving you more extensive kinds of answers.

24              Rather than my going through questions and  
25       giving personalized answers, some questions do

1 remain outstanding with the group in terms of what  
2 exactly are you looking for and how can we be most  
3 helpful. So I would just as soon hear from the  
4 people on the phone as to take the time.

5 CHAIRMAN WOOD: Great. Anybody want to  
6 jump in?

7 MR. SIMMONS: Commissioner, this is  
8 Chairman Simmons in Missouri. And just as a  
9 housekeeping item, we are happy to participate with  
10 today's conference call. But I just wanted to let  
11 you be aware for disclosure purposes that the  
12 Missouri Commission has a current application of one  
13 of our electric companies before us that wants to  
14 withdraw from the Midwest ISO.

15 As a consequence of that, we're still  
16 going to submit our responses today, but because of  
17 that case that is before us, we will have to remain  
18 silent on certain matters. And we didn't want our  
19 silence to be viewed as a certain position or taking  
20 a certain position or acquiescing to a certain  
21 position, but we just wanted to let you know that,  
22 and that we are happy to participate today.

23 CHAIRMAN WOOD: Great, Chairman. I think  
24 just as a general rule, anybody's silence we won't  
25 interpret one way or the other since you all are



1 filing comments on Friday or before. So anybody's  
2 discussions today, we'll just treat those as  
3 informal and really rely on your written comments to  
4 reflect either your individual position as a  
5 commissioner or your state commission's perspective  
6 if you all choose to file that as a body.

7 So we'll take them, whether it's as an  
8 individual, which we address you all as individuals,  
9 so recognizing that each state kind of has different  
10 ways to approach these type of matters.

11 MR. SIMMONS: Thank you, Mr. Chairman.

12 MR. SVANDA: Kelvin, this is Dave. Which  
13 company is that?

14 MR. SIMMONS: This is Alren UE; Union  
15 Electric Company, doing business as Alren UE.

16 MR. SVANDA: Thank you.

17 CHAIRMAN WOOD: Anybody want to jump in?

18 MR. NELSON: This is Bob Nelson, and I  
19 want to echo what Dave said about thanking you and  
20 Nora and the other commissioners for setting up this  
21 opportunity. I think I might start by saying we  
22 will have these written responses to you by Friday  
23 and we're trying to coordinate among all states as  
24 best we can.

25 All the states may not agree with what

1 we're saying. But I think the fundamental question  
2 of going to a single RTO at this time is whether we  
3 can continue along the path we started last spring,  
4 with the virtual RTO that was approved by the  
5 Commission. And I think a number of us have reached  
6 the conclusion that that is not working for a number  
7 of reasons and that there's been a number of changed  
8 circumstances that warrant us giving much further  
9 thought to a single RTO in the Midwest.

10 The question then becomes how do you do  
11 that, with the status as it is right now, and can  
12 you work National Grid into a MISO type format. And  
13 I think that's doable. I think you have to look at  
14 Appendix I and revise it. But I think it's a  
15 prospect that deserves a lot of attention. A number  
16 of us are going to pursue that in our written  
17 comments.

18 CHAIRMAN WOOD: And the changed  
19 circumstances, Bob, kind of being generically what?

20 MR. NELSON: A number of things, I think  
21 one of which is the fact that we do have a FERC now  
22 that wants to get this thing done.

23 (Laughter.)

24 CHAIRMAN WOOD: Okay. Well, guilty.

25 MR. NELSON: But beyond that, I think the

1 fact that you have SVP joining the MISO or MISO, and  
2 you also have ITC departing Alliance, purporting to  
3 join the MISO. And I think those circumstances  
4 change the fundamental character of the settlement  
5 that was reached. And above and beyond that, as I  
6 said, I think it has not worked very well. We've  
7 tried our best, in a number of areas as you know, to  
8 make sure that opportunity was given, to give that  
9 settlement a chance to work, and it just didn't  
10 work.

11 So despite the fact that other regions do  
12 have a number of subRTOs under their umbrella, I  
13 think our experience is that you can't work under  
14 the FERC order that has been established at this  
15 point.

16 MS. JONES: Mr. Chairman, this is Judy  
17 Jones in Ohio. We will be filing some separate  
18 comments, although we agree to a large measure with  
19 the rest of the Midwest states. However, our  
20 position is that we want a seamless market in the  
21 Midwest, so we are a proponent of the structure that  
22 accommodates that. We still think that the  
23 settlement and the IRCA can work with your help, so  
24 we are still taking the position that we haven't  
25 quite given up on it, but we do need to have some

1 action soon.

2 CHAIRMAN WOOD: Judy, let me ask you to  
3 kind of flesh that out a minute, because you are  
4 right there on the scene in Ohio. You've clearly  
5 got, I guess, mostly Alliance states, but there  
6 might be some MISO companies, I'm not sure, because  
7 I'm not looking at a map.

8 MS. JONES: We do. We have, Synergy is in  
9 the MISO.

10 CHAIRMAN WOOD: What kind of -- without  
11 getting into a lot of detail but just kind of the  
12 big picture, what type of action would you envision  
13 is needed to make the settlement work, as you just  
14 said?

15 MS. JONES: Well, right now we still have  
16 the major concerns with the independence issue and  
17 with the managing member and who is making the  
18 decisions for proceeding and implementing the IRCA.

19 CHAIRMAN WOOD: If that were somehow  
20 resolved, what would the next step be?

21 MS. JONES: I guess -- what do you mean,  
22 "the next step"?

23 CHAIRMAN WOOD: Well, if the independence  
24 issue were -- if we were able to adequately address  
25 that issue, what does it take, then, to get the

1 settlement to actually come to life and accomplish  
2 what I think we all wanted it to back in the spring  
3 when it was approved.

4 MS. JONES: I think what we're moving  
5 toward is the virtual RTO, where we want the  
6 superregional rate and the agreement, with Alliance  
7 and MISO actually implementing the settlement  
8 agreement by way of the IRCA. I guess it would be  
9 progressing to what we thought would be the seamless  
10 market in the Midwest.

11 CHAIRMAN WOOD: Okay, thanks.

12 MR. SVANDA: This is Dave, and just one  
13 additional expansion on that. I think as the  
14 discussions have progressed about this particular  
15 piece, there was a lot of agreement that the  
16 settlement itself was still a basically good  
17 settlement. It's that in implementation, as things  
18 often happen, it just hasn't happened. And there  
19 was a lot of good faith given in coming to that  
20 settlement agreement, but the good faith hasn't been  
21 matched in implementation.

22 So the progress has probably not even been  
23 glacial. It's just been more standstillish. And so  
24 there's that there. It wasn't a bad settlement.  
25 The concepts weren't bad concepts, but they needed

1 to be administered and implemented in a good-faith  
2 way, and it just hasn't seemed to develop that way.

3 MR. HARVILL: This is Terry Harvill from  
4 Illinois, and I think I would echo what David has  
5 said with regard to that. I think we all went into  
6 the settlement, hoping that it would move the ball  
7 down the field, so to speak. And I think we're all  
8 feeling as though we're not really in the driver's  
9 seat here, that the implementation is something  
10 that's beyond our control, and I think our goal here  
11 is to have the FERC move it along, and if not, maybe  
12 take some more drastic steps to get something in  
13 place.

14 MR. SVANDA: This is Dave again. And the  
15 settlement was entered into in the environment in  
16 which we found ourselves -- and as Nelson, probably  
17 not facetiously at all, just laid it out -- that now  
18 we have a FERC that's ready to do something with all  
19 of this. When that settlement was reached, it was  
20 in an environment where we didn't have that same  
21 level of confidence and certainty. So it was a  
22 settlement in the true sense of the word. We really  
23 didn't accomplish all that we might have, if we had  
24 been playing from a little stronger position.

25 MS. MUNNS: Diane Munns in Iowa. And I

1 think it goes back to the question of what are we  
2 doing here? Are we going to try to start with what  
3 is ideal? I mean, I think as we've talked in the  
4 last week or two about these, there's consensus that  
5 a Midwestern RTO is what we would like.

6 I mean, I've been a Midwesterner all my  
7 life. There's a lot of states here today that I  
8 didn't know were in the Midwest.

9 (Laughter.)

10 CHAIRMAN WOOD: We're glad to have  
11 everybody here.

12 MS. MUNNS: Yeah, we're happy to have you  
13 as Midwesterners. But the question is, can we go  
14 back and do what we would have done if we'd had this  
15 several years ago, or are we going to have to  
16 accommodate the pieces that have developed because  
17 of the hands-off attitude that has been taken?

18 And that includes not only the different  
19 RTOs, but that question goes all the way through to  
20 the Appendix I, the entities, the transcos, can it  
21 be undone and done a way that we think is correct,  
22 or are we going to have to figure out how to  
23 accommodate the pieces?

24 CHAIRMAN WOOD: Good question. Any  
25 feedback from anybody else on that?

1           MR. KOPPENDRAYER: Leroy Koppendraye from  
2           Minnesota. There were some of us, a couple  
3           Minnesota commissioners and some folks from Iowa,  
4           Bill Smith for one, attended an extensive meeting on  
5           the idea of a for-profit transco which would operate  
6           under the umbrella of the MISO and under FERC  
7           oversight.

8           That concept has been fairly well  
9           developed and well-thought-out as to how it would  
10          address a lot of the issues and a lot of the seams  
11          issues, et cetera. And I think it has enough merit  
12          that I would hope that however this develops and  
13          whatever final input FERC has on this, it not  
14          preclude the idea of a for-profit, regulated transco  
15          that could evolve into a complete RTO, so to speak.

16          CHAIRMAN WOOD: I don't think -- I mean,  
17          I can't speak for all my colleagues, but I think we  
18          certainly would like to see that. In light of  
19          recent dockets in other parts of the country, it  
20          would be nice to have somebody actually be on the  
21          hook for making mistakes and a for-profit entity  
22          could certainly do that much better than a  
23          not-for-profit. We don't have anybody to go to in a  
24          not-for-profit entity when they make mistakes that  
25          end up mishandling the wholesale market. So having



1 a little accountability there certainly is a great  
2 long-range goal. It might even be a great  
3 short-range goal.

4 And I guess it's where we're trying to  
5 figure out how to take what is before us. I guess,  
6 Diane, the thing about your question, and I would  
7 welcome anybody else's feedback too, gosh, I sure  
8 hate to do a half-baked effort, because I think last  
9 time we did that, we ended up with California. Nd I  
10 think the Midwest deserves better than that from all  
11 of us. And I think we ought to -- we ought to do  
12 what's doable, but we ought to do what we ultimately  
13 think 10 years from now will be an effort that  
14 started off at a good place and developed into  
15 something even better.

16 So with that in mind, I would be open to  
17 anybody else's better ideas. But I would sure like  
18 not to wander down a path we already know is a  
19 pretty bumpy one.

20 MR. GILLIS: Well, this is Gary Gillis. I  
21 agree with you, Mr. Chairman, that I prefer we don't  
22 go down a bumpy road either. And Kentucky is in the  
23 Midwest and we're sort of sitting here with TVA  
24 laws, and that's a concern too. We continue to hear  
25 that they, along with several of our G&T co-ops, are

1 going to file a public power or perceive a public  
2 power filing of some type which gives us a bit of  
3 heartburn in not knowing how that's going to fit in  
4 with MISO and the Alliance 1 RTO that most of us  
5 have been talking about and discussing jointly, as  
6 far as all of us filing comments Friday.

7 So that's just another wild card that we  
8 have a concern and that we may need to also, as  
9 Ms. Jones indicated, file some separate comments  
10 relative to our situation here in Kentucky. But  
11 generally, the comments that we've been discussing  
12 and the collective points that are going to be made  
13 in the filing Friday, we certainly concur. But  
14 there are a few other idiosyncrasies that we're  
15 going to have to address also.

16 MS. WEFALD: This is Commissioner Susan  
17 Wefald in North Dakota. We've been dealing -- we  
18 heard the presentation on Translink, our commission  
19 has. And we've also heard from the group called  
20 Crescent Moon in North Dakota. And I think they're  
21 in such a state of flux, that it's very difficult  
22 for them to know exactly what they're going to be  
23 doing at this point, because I believe they're still  
24 exploring the Translink option, but they had  
25 expressed a real desire to have Crescent Moon.

1           So it's hard for us to be able to comment,  
2           because all of these -- all of the options are so  
3           new in so many ways that it's hard for us to make  
4           definitive comments on Friday on some of these  
5           matters.

6           CHAIRMAN WOOD: That's totally  
7           understandable. I mean, I think we would like to  
8           provide some framework where innovation and better  
9           ideas can come along as soon as three months from  
10          now and kind of build on what we do today. I mean,  
11          I don't think we want to preclude any good ideas  
12          from showing up. And if those happen to be among  
13          the good idea category, we would like them to be  
14          viable options any time in the future.

15          MS. BODE: This is Denise Bode, Pat. As  
16          we discussed numerous times before, I think that the  
17          role of the state in this process need not be  
18          forgotten, and I wanted to associate at least myself  
19          with the comments made by Dave and Bob from the  
20          Michigan commission, because I think their comments  
21          that they're circulating are very good, and I think  
22          we will be agreeing with much of what they said and  
23          what they're suggesting. And again, I want to thank  
24          you all for including us in this process.

25          I had an idea that in terms of including

1 the states in the process, not with necessarily any  
2 kind of veto power over what RTOs do, but in  
3 including them in terms of what we have looked at in  
4 the telecom area, that as decisions are being made  
5 by this independent board of MISO, that we might  
6 potentially look at individual state impacts. We  
7 might provide some opportunity for states to have  
8 special standing, in terms of if there's a concern  
9 or problem that arises in the future, since what  
10 we're talking about is such a large RTO with a lot  
11 of diverse interests and responsibilities, in terms  
12 of providing power in the marketplace and that we  
13 might be thoughtful of what we did in the telecom  
14 area, putting some sort of rocket to docket process.

15 So if states had a concern, we could raise  
16 it before FERC, with RTO, so that we're not  
17 necessarily vetoing but we have the opportunity at  
18 least to have a state impact. And if a decision is  
19 adverse to our state and that we look at that, that  
20 that be considered, and that we have an opportunity  
21 to share that concern with the FERC as well.

22 I know that we're in the process, kind of  
23 reviewing our electric restructuring in Oklahoma to  
24 make sure that we've got the best plan possible and  
25 that it would actually benefit consumers, and we've

1       been going through a lot of state and regional  
2       analysis, the transmission bottlenecks. One of the  
3       problems we had with the STP process is that  
4       although they were putting in place new transmission  
5       rates, all the existing rates were being  
6       grandfathered in, so the new transmission rate was  
7       there and it looked great and -- but nobody was  
8       going to utilize it. That happened for years.

9               And so anyway, we really liked the concept  
10       of moving more to what the MISO is, which has an  
11       independent board. But still that's a concern and  
12       we have some concerns in the fact that building a  
13       lot of new power plants and facilities to export  
14       power and we want to have the ability, I think, to  
15       have some input into this broader process.

16              CHAIRMAN WOOD: Nora is nodding too. And  
17       I think there would definitely be, if there isn't  
18       already under the law, I would want there to be an  
19       expedited review of any decision that is made by an  
20       RTO, if needed, by the state commissions and perhaps  
21       by any other party too.

22              I think we had that back at IRCA and it  
23       wasn't used much, but it was a good disciplining  
24       process to make sure that the board, which we liked  
25       being independent, but we want to make sure that

1       these boards do take into account all the varied  
2       interests, otherwise we're going to have to make  
3       every decision up here. We don't want to do that.  
4       We want to make the decisions as close to the people  
5       as we can.

6             If that independent board knows that it's  
7       very accountable to, ultimately to the welfare of  
8       all the people in their area, then I think we'll  
9       have a better system than one that ends up here all  
10      the time. But I think that relief valve, Denise, is  
11      a great idea, and we'll work that in as we can up  
12      here.

13            Anybody else have anything just about the  
14      Midwest and the two organizations and thoughts about  
15      the seams issue? Maybe anymore thoughts about the  
16      IRCA agreement?

17            MR. GARVIN: This is Bert Garvin from  
18      Wisconsin. The one message from our state is we  
19      support a single RTO, and the sooner the better, in  
20      our view. We think we have a good story to tell.  
21      In Wisconsin, we have the American Transmission  
22      Company, which is a for-profit transco, that's up  
23      and operating under -- it's subordinate to the MISO.  
24      And we would hope, while it doesn't meet the order  
25      2000 independent standards, it is working here.

1           And the ATC-style structural separation  
2       works, and we would hope other states would look at  
3       that. I mean, we're in a little different situation  
4       in Wisconsin, in that our legislature clearly  
5       directed our transmission owners to divest their  
6       assets into a state-based transmission company. It  
7       was a policy decision our governor or legislature  
8       made and we participated in that.

9           That's our position at the 10,000 split  
10      level.

11           CHAIRMAN WOOD: Bert, thanks.

12           MR. WALKER: This is Cody Walker from the  
13      staff of the Virginia Commission. I joined you late  
14      and didn't announce myself earlier and I apologize  
15      for that.

16           CHAIRMAN WOOD: Welcome.

17           MR. WALKER: Just to chime in a little  
18      bit, the Virginia Commission certainly is not  
19      opposed to an expanded vision of the Midwest ISO and  
20      possible consolidation of the Alliance in the  
21      Midwest, but we would point out that we continue to  
22      have significant seams-related problems.

23           I mean, if you look at a map of the FERC's  
24      restated RTO vision, you will see that Virginia is  
25      still somewhat uniquely situated, in that we have

1 numerous seams and continue to border a number of  
2 RTOs in conjunction with TVA, and others where there  
3 is no access. So even an expanded Midwest ISO does  
4 not really do that much to address many of the  
5 concerns that we have.

6 CHAIRMAN WOOD: And I understand that.  
7 Certainly looking at the map, and as a resident of  
8 your state, I share your concern about that great  
9 old seam running around. One of the reasons, in  
10 fact, we have initiated in a parallel proceeding, a  
11 market structure/market design rulemaking, is to  
12 look for are those abilities to standardize things  
13 on a broader basis than just these regions and try  
14 to take advantage of economies of scale and try to  
15 really minimize the seams from a market design point  
16 of view.

17 I mean, we're kind of coming at it two  
18 different ways. One is try to create regional  
19 organizations that take care of the seams  
20 themselves, and then also try to look at a way to  
21 envision any kind of national, or at least  
22 superregional standards that can be used for such  
23 important issues as congestion management,  
24 scheduling, business practices, nature of  
25 transmission rights. We've got to have a big long



1 discussion about pricing.

2 Denise kind of mentioned that in her  
3 comments a minute ago about SVP and the rate issues  
4 there. But I've heard from a number of  
5 commissioners, particularly in other regions of the  
6 country, that the whole pricing issue is really one  
7 that we have not frontally addressed. That's going  
8 to happen in pretty short order in this forum -- the  
9 other forum. And we'll certainly have the states  
10 sitting at the front of the table there as we  
11 discuss all of those issues as well.

12 But recognizing that, Cody, is going on or  
13 going to start going on at the first of the year as  
14 we take up that rulemaking on market  
15 structure/market design, which is an attempt to  
16 really minimize the seams issues that still remain,  
17 once we get these organizations set up.

18 COMMISSIONER BROWNELL: Cody, is there  
19 anything else that you would like to recommend to us  
20 that we do to help you with those issues?

21 MR. WALKER: Well, that's certainly a  
22 start. I guess it's an awkward situation, in that  
23 there have already been orders approving the  
24 Alliance RTO configuration, and I guess in our view,  
25 you didn't really adequately address many of the

1 concerns that the Virginia Commission raised in  
2 those proceedings. And I recognize that this new  
3 initiative represents a way of addressing those, and  
4 we appreciate that. I guess I'm at a loss as to an  
5 immediate fix.

6 CHAIRMAN WOOD: Yeah. And the immediacy  
7 may be measured in months, not weeks. I mean, I  
8 think we've got the seams issues really front and  
9 center on a number of dockets here. And I should  
10 add that the docket you referred to as well as all  
11 these are still pending rehearing, so we're not  
12 really done with all of this yet. And we would like  
13 to get them all fixed, quite frankly, so that's why  
14 we're doing this. It ain't over until it's over,  
15 order denying rehearing, and I don't believe we've  
16 issued any of those yet.

17 MR. REINBOLD: This is Commissioner Leo  
18 Reinbold of North Dakota.

19 MR. CADDEN: Can you speak up,  
20 Commissioner?

21 MR. REINBOLD: Yes, I certainly can. Is  
22 that okay?

23 MR. CADDEN: A little bit louder, please.  
24 You're a long way away.

25 MR. REINBOLD: Are you pulling my leg or

1 not?

2 MR. CADDEN: No, actually the court

3 reporter is having a little bit of difficulty

4 hearing you, Commissioner.

5 MR. REINBOLD: Just a point, as I've been

6 listening to everyone come up with some interesting

7 and new catch phrases, and like "level playing

8 field," I didn't even hear that used today. But I

9 came to this meeting to get a definition of

10 "Midwest," examine it looks like we include Montana

11 and Virginia, Oklahoma and everything in between.

12 Has anybody got a good definition of the Midwest?

13 CHAIRMAN WOOD: We invited people who had

14 regulated companies that were in the Alliance

15 footprint and in the MISO, SVP, Translink and

16 Crescent Moon footprints, which are pending -- are

17 actually in process, but that seemed to be the

18 natural audience for this crowd. So you know, I

19 think it's kind of cool to be a Midwesterner. I

20 notice Texas is on there, Pennsylvania is on there.

21 Nora and I haven't found much in common other

22 than --

23 (Laughter.)

24 But we're with you, Leo.

25 MR. REINBOLD: Thank you.

1           CHAIRMAN WOOD: Anybody else?

2           MR. ELLIS: This is Dave Ellis from West  
3           Virginia. We kind of find ourselves in the same  
4           position as Virginia. We look at ourselves as kind  
5           of -- in the Midwest seams debate and we are going  
6           to constructively participate in that debate.

7           Our concern obviously is addressing the  
8           resulting seam between PJM and Alliance MISO, and we  
9           are going to be offering some comments on that. If  
10          we had our druthers and could read the FERC  
11          questions as asking us what our preferences would be  
12          if we wiped the slate clean and started fresh, like  
13          Cody indicated, we would probably envision an RTO  
14          that encompassed both the PJM and what we're now  
15          calling the Alliance area.

16          If that's not the intent and we can't go  
17          there, we're willing to participate in the Alliance  
18          MISO debate. And our view is that a single RTO  
19          would be preferable. Once again, that doesn't solve  
20          our PJM/Alliance problems, but we are focusing our  
21          comments in that direction.

22          COMMISSIONER BROWNELL: I think -- I can't  
23          speak for all my colleagues, but -- it's Nora  
24          Brownell. We asked questions that had been raised  
25          in various ways by many of you, but if you have

1 recommendations that you want to make, we're  
2 certainly open to them. I mean, the point of the  
3 questions was to get the debate started, but it  
4 shouldn't limit what you would choose to have. And  
5 I myself agree with what's been said. Let's not  
6 tinker with something that nobody really likes. If  
7 you don't like it, recommend what you want.

8 MR. ELLIS: Thank you, Commissioner. Once  
9 again, this is Dave Ellis. As I say, we have some  
10 rather general comments that will address that, but  
11 in an effort to be constructive, we will also  
12 specifically address the debate that's ongoing with  
13 regard to the superregion structure.

14 MS. WEFALD: Commissioner Susan Wefald in  
15 North Dakota. This is a matter of how we're going  
16 to be proceeding with this meeting. Are you asking  
17 for all comments now on question 1 and then you're  
18 going to be going to question 2? Or are you  
19 requesting comments on any of the questions at any  
20 time?

21 CHAIRMAN WOOD: Susan, this is Pat. I  
22 think we're really -- I don't think we need to go  
23 through each question one by one, because we'll get  
24 your written comments. We really just wanted to  
25 provide a forum for us all to talk. And Nora and I

1 -- and I think Linda is going to pop in here for a  
2 minute, and Bud from Bill's office is in this  
3 meeting as well right now -- we just wanted a chance  
4 to see if there are any kind of broader questions or  
5 comments or thoughts or anything else. We really  
6 don't need to get everybody's answers in advance. I  
7 know we're going to wait with bated breath to get  
8 the real answers this week, and kind of start  
9 plowing through them as we make some decisions on  
10 what to do in the Midwest.

11 But no, I just think this is more of a  
12 general, you know, thousand-foot level discussion.  
13 And if anybody has any 10-foot level issues to bring  
14 up, I certainly want to keep the floor open for that  
15 as well. But I don't envision that we go through  
16 each one of these questions one by one, unless  
17 anybody particularly wants to talk about some  
18 individual questions or ask why did you say this, or  
19 like the last question from Dave Ellis, you know, we  
20 don't want -- kind of as Nora clarified, please  
21 don't be constrained by the questions we asked. We  
22 wanted that to be prompters of really solutions that  
23 will work to get these wholesale markets kind of off  
24 the launch pad and into work for you guys.

25 MS. WEFALD: This is Susan again in North

1       Dakota. Then I suppose I have a 100 foot question,  
2       not a 1000 foot or 10 foot but kind of in the  
3       middle. It's a question that I think needs to be  
4       addressed by the people in this whole group as we  
5       proceed, and it has to do with capacity reserves.  
6       And until just a few months ago, it was assumed that  
7       capacity reserves would be determined by the  
8       regional reliability council, such as MAPP and  
9       Maine, and the other regional reliability councils  
10      that cover our area.

11             But now even this assumption is being  
12      questioned and there's discussion that capacity  
13      reserves should be the responsibility of the RTO.  
14      And this topic is of great importance to the public  
15      and merits a great deal of attention. And I know  
16      that your staff has put out a discussion paper on  
17      this in September that you asked for comments on.  
18      And I think that there may be some differences  
19      throughout our region about capacity reserves.

20             This matter has been very important to the  
21      people in the Midwest who have been members of  
22      MAPP -- and the members of MAPP, we include North  
23      Dakota, South Dakota, Minnesota, Iowa, Nebraska and  
24      parts of Michigan, Montana, Wisconsin and Illinois.  
25      Most of the MAPP states have not yet put in place

1 retail and are just trying to deal with the changes  
2 in the electricity market caused by the electricity  
3 wholesale market. But other states in our region  
4 have gone to retail wheeling, and they may have  
5 different feelings about capacity reserves.

6 So I think we really need to talk about  
7 this issue. It's been not discussed at all in the  
8 discussion paper that's been passed around to the  
9 states. There's a mention in the comments that  
10 we've been drafting about short term reserves,  
11 mini-reserves, but no discussion about capacity  
12 reserves.

13 I don't claim to have the answer of what  
14 should be done or who should be making that  
15 decision, but I do think that if there are -- that  
16 it should be a very strong group, whether it's the  
17 RTO or one of the NERC reliability councils, they  
18 should have very strong authority to enforce  
19 whatever the states determine is the best approach  
20 on capacity reserves.

21 CHAIRMAN WOOD: This is Pat, Susan. I  
22 would agree with that, and I -- the reason why we  
23 brought that up at my very first meeting as  
24 chairman, is that is a critical issue, that we make  
25 sure we never get in the position that the West got



1 in in the past year or so.

2 Somebody has to keep an eye on the  
3 long-term infrastructure of this industry. That was  
4 a lot easier when those were pretty loosely  
5 connected grids and it was a very strong,  
6 state-regulated industry. And I think we want to  
7 preserve what was good about that, as the market  
8 underneath us changes.

9 So I would suggest that, just off the top  
10 of my head, we would look very strongly at what this  
11 group, the state commissioners who are the front  
12 line for this whole region, want to have happen.  
13 And then we use the RTO. Or I would be certainly  
14 fine with making that part of their business plans,  
15 that they enforce whatever standard the state  
16 federal panel says ought to be the standard.

17 It's been a big issue for the Northeast.  
18 The ISOs up there have had installed capacity  
19 requirements for a number of years, and they have  
20 transitioned those -- some not so artfully, but some  
21 a little better than others -- to the more retail  
22 wheeling environment. We've got a lot to learn from  
23 them. But I think there also is room for  
24 improvement and we would like to make sure that that  
25 happens everywhere in the country. I'm glad you

1 brought that up, Susan, because it is the real  
2 silver bullet, to make sure we don't get in the  
3 infrastructure shortage scenario anywhere else in  
4 this country ever again.

5 MS. WEFALD: I think it's so important,  
6 it's one I think that all of our customers are  
7 relying on to make sure it's taken care of  
8 correctly.

9 MS. BODE: Pat, this is Denise Bode. One  
10 of the reasons that I suggested having some sort of  
11 a state impact and the opportunity to raise issues  
12 to a higher level is to give some certainty, to  
13 give, you know, give basically more of the  
14 management responsibility over making sure your  
15 consumers are taken care of to an RTO, you have to  
16 have some ability to say you think there's going to  
17 be a detrimental impact and you have the ability to  
18 have input into that and to try to ensure that that  
19 issue is addressed where a change is made.

20 That's why I suggested having that --

21 COMMISSIONER BROWNELL: Denise, we  
22 couldn't agree more, and the point of this, which is  
23 we hope the first of many panels, is to create that  
24 state-federal kind of opportunity to oversee and  
25 hold people accountable.

1 MS. BODE: I know that you all understand  
2 that. I just wanted to make sure we put that on the  
3 record.

4 CHAIRMAN WOOD: And I think we want to  
5 formalize how this works on whatever we approve on  
6 these RTO filings, that that be part of their  
7 government structure, is how they interface with you  
8 all and with the FERC, so make sure that we, who are  
9 ultimately accountable for our respective statutory  
10 definitions, are involved in their business to a  
11 certain extent, overseeing what they do.

12 But I think that should be locked down in  
13 some sort of formal mechanism so that it is  
14 understood. And we would certainly be open -- we  
15 don't have to do that between now and next week, but  
16 I think over the next couple of months, we ought to  
17 think about how we lock this into whatever RTO or  
18 RTOs we approve for this region of the country, what  
19 kind of regulatory oversight mechanism we're going  
20 to have that will work on a day-to-day basis over  
21 these regions.

22 MS. BODE: This is Denise again. I would  
23 be glad to help with that, in that process, and  
24 we'll try to submit comments and share those with  
25 others as the Michigan folks have been so kind to do

1 as well.

2 And I also wanted to respond to Leo. Leo,  
3 I think we ought to be called the Heartland.

4 COMMISSIONER BROWNELL: This might be the  
5 political platform?

6 (Laughter.)

7 Leo: Are you suggesting Heartland as  
8 contrasted by No-Heart Land?

9 CHAIRMAN WOOD: Yeah, there are a few  
10 parts of the country that may account for that one,  
11 but you all aren't part of it.

12 COMMISSIONER BROWNELL: Denise, you might  
13 want to talk to Maureen Helmer, who I think has  
14 given this some thought. I think some of the  
15 Northeast states feel that their oversight has not  
16 been sufficiently recognized.

17 So my guess is she's given some thought on  
18 how to deal with this.

19 MS. BODE: I'll do that.

20 MS. MUNNS: This is Diane Munns in Iowa,  
21 and I'm going to have to leave here, so I just  
22 wanted to make a couple points.

23 One is just a follow-up on what Denise  
24 said. I think it's important in this that we figure  
25 out how states partner with the FERC. We're not

1 parties before you; we are partners. We, like you,  
2 have a public interest responsibility to carry out.  
3 And each of us only leverages our ability by working  
4 together. And we have to figure out ways to  
5 formalize that and get that built into the  
6 structure. And I know that's been difficult. It's  
7 been difficult in the telephone area to figure out  
8 how to do that.

9 The second thing is I wanted to follow up  
10 on what Commissioner Reinbold was talking about, and  
11 I think that will come across in the comments. And  
12 that is, once we figure out where, how many of these  
13 RTOs, there has to be a decision on who does what  
14 and what are the functions of the RTO as opposed to  
15 other entities or other organizations that are  
16 forming, like the transcos and like the NERC or like  
17 MAPP or like Maine, will they continue, will they be  
18 RTO? If they're RTO responsibilities, then which  
19 things can be delegated from the RTO to those other  
20 entities, if we have them, but which things are the  
21 ultimate responsibility of the RTOs.

22 And I think that's very important to get  
23 set, because I think that there are efforts now to  
24 pick off some of those different things that should  
25 be the responsibility of the independent RTO.

1 MR. REINBOLD: That's all well and good,  
2 and I think we all have our priorities.

3 MR. CADDEN: Who is speaking?

4 MR. REINBOLD: This is commissioner Leo  
5 Reinbold, North Dakota. We all have our priorities,  
6 and as I hear voices and accents from Texas and  
7 Oklahoma, I know you're thinking, talking and living  
8 football this week, but we want you to remember  
9 North Dakota, the University of North Dakota, is one  
10 game away from the national championship, NCAA  
11 Division II, in Florence, Alabama. So keep the  
12 Fighting Sioux of North Dakota in mind when you're  
13 thinking Longhorns.

14 CHAIRMAN WOOD: Now, are you all playing  
15 in Alabama? Are they even going to be able to  
16 understand you down there, Leo?

17 MR. REINBOLD: Sign language.

18 (Laughter.)

19 CHAIRMAN WOOD: Are there other issues  
20 beyond capacity margin where this state/federal  
21 partnership would be particularly useful? And I  
22 mean, I would open that now, but if you have  
23 thoughts on that between now and this weekend, I do  
24 note with interest that a number of you all filed  
25 recently with us some comments on how to do market

1 monitoring right in the Midwest, and that is  
2 critical.

3 As we indicated last week in our revision  
4 to the market power standard that we're using for  
5 the generators across the country, we really do  
6 treat them pretty different, if there's a healthy  
7 market oversight function going on in their RTO  
8 region. So we -- that would be another issue that I  
9 would throw in. You all gave us that issue. You  
10 care about that like we do, capacity margin.

11 Are there others that kind of pop into  
12 mind, like Susan brought up?

13 MR. ELLIS: This is Dave Ellis in West  
14 Virginia, and I would just point out that, not for  
15 the immediate discussion but at some point, somebody  
16 is going to have to seriously talk about  
17 certification and approvals for transmission,  
18 infrastructure --

19 CHAIRMAN WOOD: Dave, can you say that  
20 again?

21 MR. ELLIS: Yeah, certification and  
22 approvals for transmission upgrades. I know that  
23 may be a FERC -- to some extent, FERC may have a  
24 role in that. Clearly, states have a role in that,  
25 and there are going to be some multistate issues

1       that eventually, at some point in time, are going to  
2       have to be addressed, if we are going to get  
3       necessary transmission upgrades in the future. I  
4       don't think that's an issue for today, but it's  
5       going to be an issue over the next few years.

6               I think some kind of multistate/FERC joint  
7       cooperative efforts, whether it be in the form of a  
8       multistate contact or a regional regulatory  
9       authority on an ad hoc basis or some other options,  
10      I think that at some point, we all need to be  
11      thinking about that and addressing it.

12             CHAIRMAN WOOD: It would be nice if we  
13      could deal with that issue without having to get a  
14      change in the law. I know that's been a pretty  
15      controversial proposal in this town where we are,  
16      that I personally don't think needs to necessarily  
17      be changed if we all can find a way to kind of make  
18      those issues work out in a format such as this. I  
19      know that the different state statutes would have to  
20      be looked at to see to what extent you all can hold  
21      a joint hearing, say, with Virginia or Ohio or  
22      Kentucky, and talk about some regional alliance.  
23      But if -- you all will have to help us there,  
24      figuring out what your restrictions are on a  
25      state-by-state level. But Dave, I think it's a



1 great point.

2 MS. WEFALD: This is Susan in North  
3 Dakota. The National Governors Association of  
4 course is working with the Department of Energy on a  
5 substantial grant to look at transmission issues,  
6 and I know that the west -- Marcia Smith has been  
7 working with commissioners from the west about some  
8 type of agreement that they are putting forth for  
9 the National Governors Association on working  
10 together as a group of states on transmission  
11 issues, and other states in our region may want to  
12 take a look at what they're doing out there.

13 CHAIRMAN WOOD: Yeah, Nora and I were  
14 both out in Seattle about two weeks ago, and met  
15 with Marcia's group and had an open forum the next  
16 day on our own on infrastructure out there, but it  
17 really is a good model. I mean, I think what the  
18 west folks have put together, they call it CRECSE, I  
19 don't know what that stands for. They meet --  
20 Marcia is the president of that group this year, and  
21 it's sort of a joint state regulator/industry group.

22 And we were real impressed, walking away  
23 from there, how far along they had come toward doing  
24 very broad regional planning, in trying to get over  
25 a lot of the things that keep these from happening

1 elsewhere in the country. I do think we could  
2 probably rope in Marcia and some of them and learn  
3 from them about a good, positive template for  
4 transmission planning and resource planning issues,  
5 that would be good export to the Midwest.

6 COMMISSIONER BROWNELL: And I think one of  
7 the driving forces there was the governors  
8 themselves basically told the participants that this  
9 was the way they were going to do it, and I think  
10 because governors have a slightly different  
11 perspective, in terms of economic development being  
12 regional, and so I think you need that in order to  
13 make it work.

14 So I think it's a good model, and we're  
15 going to be working with the NGA on making  
16 recommendations, but I think it's critical to get  
17 the governors involved in that.

18 MR. ELLIS: This is Dave Ellis again.  
19 Yeah, I definitely echo that. I would point out  
20 that back in 1985, the National Governors  
21 Association had pretty much an almost identical  
22 endeavor and a major task force was put together.  
23 There was a pretty decent report issued called  
24 "Moving Power, Flexibility for the Future," issues  
25 in '86, I think it was or '85.

1           As I recall, part of the task force  
2       recommendations did find that the cooperation in the  
3       west, even at that time, was a very good model that  
4       the governor should be looking at. Unfortunately,  
5       it's deja vu all over again. In '85 we recognized  
6       and recommended to the governors that we needed to  
7       be looking into these regional compacts and  
8       cooperative efforts to address institutional  
9       impediments to transmission improvements, and we've  
10      come full circle.

11           Hopefully, we can impress on them that  
12      states here in the east need to be looking at that.  
13      And our problems are critical compared to the west,  
14      because in the west you could build a transmission  
15      line for 200 or 300 miles and never leave a state.  
16      In the east, 100 miles can cross three or four state  
17      boundaries.

18           MR. NELSON: This is Bob Nelson. I think  
19      one of the things we're proposing in our written  
20      comments is a regional advisory board on these  
21      matters. I think, as you say Pat, we probably don't  
22      need legislation to resolve this issue, but if we  
23      have a regional advisory board, and we still have  
24      the states making their own independent decisions,  
25      outstanding issues with their state, at the same

1 time a compensation process with the state  
2 commissions and the RTO deciding issues.

3 I think this brings to mind the fact that  
4 it would be much more complicated if we had two RTOs  
5 than one, even with IRCA properly working. If we  
6 have --

7 MR. CADDEN: I'm sorry, sir. Those last  
8 two sentences. Would you speak up?

9 MR. NELSON: Yes. I'm saying they would  
10 have a much more smoothly operating process with a  
11 deciding advisory board, if you just had one single  
12 RTO in the Midwest.

13 MR. CADDEN: Thank you.

14 MR. SVANDA: Pat and others, this is Dave  
15 Svanda. And on the points that were being made  
16 about involvement of NGA and those other  
17 organizations, the real reason I'm in Washington  
18 today is I am making some comments to the NGA group  
19 that's working on this issue, and I believe that  
20 Nora is as well. And as fate would have it, John  
21 Engler is the chair of the NGA this year, and so  
22 Michigan's PSC chair, Laura Shippel, is cochairing  
23 the effort that's being undertaken with the OEN and  
24 NGA.

25 And I guess in terms of resolving this

1 issue, I have the distinct feeling from meeting  
2 earlier this morning that that entire group, and  
3 they have got a great group of people assembled,  
4 would be thrilled to bring final resolution to all  
5 of this issue. And if you guys could present a  
6 wrapped-up package that here is a solution that  
7 doesn't infringe on the way states have done  
8 business, it resolves the state/regional/national  
9 connection, that they would be very pleased to be  
10 participating and supportive of that kind of thing.  
11 I think we can incorporate them quickly.

12 CHAIRMAN WOOD: It just keeps getting  
13 better. Anyone else have any thoughts on any of the  
14 questions or anything that's new on your mind that  
15 might be useful to throw out today in advance of you  
16 all writing in any comments?

17 MR. KOPPENDRAYER: This is Leroy  
18 Koppendraye in Minnesota. I have probably a lower  
19 level observation and question that's not in your  
20 questions that you put out, and that is as this  
21 process evolves, as we put together collaboratively  
22 a system that works and we all hope it works, let's  
23 assume for a minute that it works, but who or what  
24 collaborative agreement or organizational structure  
25 will take a look from 10,000 feet and say this RTO

1 is working well, but has a lot of duplicative  
2 management structures and management positions and  
3 all kinds of costly duplicative efforts within it,  
4 therefore to streamline it and realize some  
5 financial benefits, we have to trim some fat.

6 Who is going to do that when somebody --  
7 once this is a big operating entity?

8 COMMISSIONER BROWNELL: Leroy, a question  
9 that we raised about a month ago on the bench,  
10 because I frankly think that while we have been  
11 getting reports, we haven't been diving into them,  
12 we're going to begin to do some periodic audits. In  
13 fact, I met with several of our audit staff  
14 yesterday to design a plan to look at each of the  
15 ISOs and what we have -- what we see now and start  
16 to create some benchmarks, because we need to use  
17 the office of our chief accountant more effectively  
18 in looking at this.

19 That's information we would gladly share,  
20 because I think we're all on the hook for this  
21 oversight.

22 CHAIRMAN WOOD: And I think quite  
23 frankly, when you go after budgets, we need as many  
24 allies as we can get. And we will be going after  
25 them. I think we want -- when I hear some of the

1 figures that people are talking about to set up  
2 RTOs, I just scratch my head and say certainly  
3 you're off by a zero, aren't you. These are  
4 wholesale RTOs.

5 What California set up, what I set up back  
6 in Texas before I left, were retail and wholesale  
7 RTOs, and those were cheaper than what people are  
8 talking about for RTOs over roughly -- I mean bigger  
9 regions admittedly, but oversight of the dollars,  
10 we're going to need as many odds as we can get. So  
11 you better bet you're going to be not only sought  
12 for your input but asked for your assistance in  
13 really overseeing this, like we do regulated  
14 utilities. This really is a regulated entity that  
15 is performing really monopoly functions, and I mean  
16 for God sake, that's what we do. We oversee those  
17 kind of entities on a day-to-day basis, and so it's  
18 not cheap talk. You're going to be asked for your  
19 help in doing that oversight, because we need it.

20 MR. KOPPENDRAYER: I just wanted to echo  
21 that.

22 MS. BODE: This is Denise Bode again. I  
23 really would -- one of the concerns that we had had  
24 with SVP is the extraordinary administrative costs  
25 that they were adding on top of interconnection

1 fees, you know, for the transmission facilities,  
2 that just went to the RTO. I mean, it seemed to me  
3 there perhaps could have been some gold-plating  
4 going on there, and we sure don't want that kind of  
5 additional costs if we're trying to increase the  
6 amount of electricity flowing in the system and  
7 bringing these new facilities on, particularly those  
8 merchant facilities that, you know, are not -- they  
9 have got outside investors. I mean, it should be  
10 just the cost of putting the electricity in the  
11 system. There shouldn't be building a bureaucracy  
12 as part of that cost.

13 So I really wanted to support your  
14 position on that. And anything I can do to help,  
15 I'd be glad to.

16 MR. TOTTEN: This is Jeff Totten of Texas.  
17 I think a big part of cost issue goes back to how  
18 the region is organized. Do you have multiple RTOs;  
19 do you have independent transmission companies  
20 operating under them, and is there a clear  
21 delineation of the responsibilities among all those  
22 organizations.

23 And I guess I'm gratified to see that the  
24 FERC is taking a stronger role on these issues,  
25 because I think you can design a system with a lot



1 of duplication if you're not careful.

2 MR. HUELSMANN: This is Marty Huelsmann  
3 from Kentucky, and I guess I would kind of like to  
4 echo some of the things said there. We're kind of  
5 linked to MISO because two of our companies are in  
6 the MISO region, and MISO is going to have 215  
7 employees and nobody from any of our utilities are  
8 going to be laid off. So what we're talking about  
9 is adding a layer of what I would call  
10 "bureaucracy," or cost that somebody is going to  
11 have to pay for, and we need to make sure that  
12 there's a cost benefit from that.

13 In a way we kind of echo what the southern  
14 states have said, that we really ought to take a  
15 look at the cost of this and whether there really is  
16 a benefit that's there, because it will be very  
17 expensive to do this. And it is something once we  
18 start, we can't end. So we really need to take a  
19 good, hard look at that.

20 CHAIRMAN WOOD: Marty, it's Pat. Why do  
21 you jump to the conclusion that there would not be  
22 any reductions on the utility side?

23 MR. HUELSMANN: Pat, everything we've  
24 talked to with the utility side is they're going to  
25 continue as is from the standpoint of the operation

1 of their utility, and all there will be is a  
2 cooperation with MISO.

3 COMMISSIONER BROWNELL: That doesn't make  
4 any sense, from their perspective.

5 MR. HUELSMANN: I agree 1000 percent, and  
6 I keep asking that question to them, can't you lay  
7 somebody off and won't MISO hire your people to do  
8 it.

9 Their answer to me has consistently been  
10 no, we need the people there in case there's a  
11 problem.

12 CHAIRMAN WOOD: Well, I would think  
13 certainly to be safe you would want to make sure  
14 there's a little overlap while MISO gets up and  
15 operational, but I would say -- I mean, part of the  
16 benefits here, and that's why I always scratch my  
17 head on the cause for cost benefit, because I know  
18 damn well when you're going from a number of  
19 utilities doing planning and dispatching,  
20 calculation and one-stop shop and generation  
21 interconnection and calculation of ATC, and all  
22 those things that RTO is going to do, when you go  
23 from 15 utilities doing that to one, you should be  
24 able to pay for that with the old merger candidate,  
25 cost Synergy savings.

1           If we don't, I think we ought to look in  
2           those rate cases and talk to these guys about  
3           reducing those rates to make up for the MISO  
4           administrative fee.

5           MR. HUELSMANN: I agree with that  
6           completely. I'm only relating what I've got from  
7           our utilities. And we've got them here under kind  
8           of a rate freeze, so a couple of ours are just going  
9           to have to eat that. And one of the companies, the  
10          ratepayers will eat it under the PBR. But you might  
11          want to talk to some of them and find out why, but  
12          they have consistently told us that they need to  
13          keep those people there to make sure everything  
14          works right. Thank you.

15          CHAIRMAN WOOD: We will have that  
16          discussion. I look forward are to it.

17          COMMISSIONER BROWNELL: In fact, it would  
18          be very helpful for us if for those of you who have  
19          specific areas of concerns, just jot an e-mail and  
20          we'll make sure the auditors get them. And ask  
21          those questions.

22          MR. KOPPENDRAYER: This is Leroy  
23          Koppendraye of Minnesota again. Having just  
24          brought it up, I feel a little better now that I  
25          know others are thinking about it, but I'm always

1 reminded that we went into this whole thing with a  
2 promise to the consumers of billions in savings, and  
3 so far in how this thing has evolved, that has not  
4 become clear to very many people how those savings  
5 are going to be realized. But if it's on our minds  
6 and we're working in that direction, let's keep  
7 going that way.

8 CHAIRMAN WOOD: Thanks for bringing it  
9 up, Leroy. If we can't -- if we can't make these  
10 savings work along the lines that the FERC's  
11 original study did a couple of years ago, then we  
12 ought to fold up shop and put this baby back in the  
13 blanket, because it's just not going to work if we  
14 can't make that kind of savings for the customer.  
15 And I thank you for bringing it up, Leroy.

16 Any other thoughts about the Midwest  
17 issues in general? I hate to keep everybody hanging  
18 on but I'm learning a lot from everybody's comments.  
19 I'm here as long as you are.

20 MS. BODE: This is Denise again. Can I  
21 add one thing? One of the things we're doing in  
22 Oklahoma, and I know Arkansas has done, is we hired  
23 Oak Ridge to do a study on our Oklahoma electric  
24 system and particularly focused on transmission  
25 bottlenecks and issues, and I know Arkansas has done

1 the same thing on a regional basis looking at  
2 transmission bottlenecks.

3 I guess I hope whatever we come up with,  
4 this RTO would contemplate regular analysis and  
5 review of what the bottlenecks may be, how the  
6 system is functioning and that that be built into a  
7 regular process, and that that information would be  
8 available looking not only, you know, specifically  
9 state by state, but regionally, for us to make sure  
10 that the system is functioning.

11 And I assume people have thought about  
12 that, but it just has been so helpful to us, and SVP  
13 was doing a little bit of that, but it was mostly --  
14 it was for a different purpose, mostly focused on  
15 utility issues and not really focused on a very  
16 different kind of system, which included utilities  
17 and merchant plans and a lot of other players in the  
18 marketplace.

19 CHAIRMAN WOOD: Denise, I would think  
20 that would be one of the core duties of the RTO, is  
21 to do that planning and to do it in such a way that  
22 it's very open and transparent, so that if, for  
23 example, someone sees a transmission bottleneck  
24 based on these studies, they might come in with a  
25 distribution generation or big generation or some

1 kind of new transmission technology solution to  
2 solve it before we have to build a big new line.  
3 That would be the ideal process.

4 I'm glad -- and I think I heard -- Dave, I  
5 think it was you from West Virginia saying the same  
6 thing, that the governors, we certainly saw that in  
7 the western governors setting that up. But through  
8 the broad regional analysis of transmission  
9 bottlenecks and constraints and doing that as much  
10 in the open as you can, so that people that may have  
11 the solution out there would be willing to invest in  
12 solving the problem feel free to do so. They can't  
13 do it unless the information is out there and in the  
14 public.

15 Glad to know Oak Ridge is one we can pull  
16 in to do that. The Commission here, until we get  
17 RTOs set up, we are looking at the top 10  
18 transmission constraints in the west and in the  
19 east, and plowing that effort back into the National  
20 Grid study that the Department of Energy is doing,  
21 and I believe they have to get that complete by  
22 year's end.

23 So I think we're all trying to make sure  
24 that's getting done in the interim, but it would be  
25 nice to get to an endpoint where there is a large

1 regional organization that is doing this kind of  
2 long-range analysis of the grid and its bottlenecks  
3 and constraints.

4 MR. KENNEDY: This is Tom Kennedy from  
5 Illinois and the Illinois staff is quite concerned  
6 about the relationship of the transmission system to  
7 generation ownership. And we feel that regardless  
8 of the ultimate structure of the transmission  
9 system, that ignoring the fact that -- the  
10 relationships between generation owners who have  
11 significant operations or decisionmaking authority  
12 over transmission systems is likely to doom any  
13 transmission organization to failure.

14 And we think that we really need to look  
15 at those relationships between generation ownership  
16 and decisionmaking and operation authority over the  
17 transmission system. That's got -- that's a key to  
18 this whole ultimate operation and the  
19 competitiveness of these systems.

20 CHAIRMAN WOOD: Tom, this is Pat. What  
21 are the implications of that concern in the two  
22 structures that are kind of kicking around in the  
23 Midwest right now?

24 MR. KENNEDY: We think that there are  
25 problems any time those control areas are having --

1 are being operated by people with significant  
2 generation ownership or affiliate interest.

3 CHAIRMAN WOOD: Is that really the case  
4 in both MISO and Alliance?

5 MR. KENNEDY: Yes, more so in Alliance.

6 MR. NELSON: And I think the real problem  
7 is Alliance. This is Bob Nelson again. And I  
8 think -- I would agree that the major problems that  
9 have just been raised here relates more to the  
10 Alliance than to the MISO. And it's a problem we've  
11 been grappling with for a couple years now.

12 I would like to release our staff from  
13 their vow of silence because we have other staff  
14 people talking and they have been sort of quiet and  
15 they probably have something to add.

16 CHAIRMAN WOOD: The independence issue  
17 certainly is one that we have been -- that this  
18 commission was dealing with for the two years before  
19 Nora and I got here, and unfortunately it's still  
20 not kind of put to bed yet. But I think that's a  
21 downside of a voluntary approach which we're still  
22 actually pursuing, by the way. So I -- if there's  
23 some more thoughts in this regard, it is timely to  
24 bring those up.

25 MR. ELLIS: This is Dave Ellis.



1 Obviously, the Alliance independence is a critical,  
2 critical issue. Frankly, this has to be decided,  
3 whether it's National Grid, whether it's something  
4 else. If you're going to have an alliance, part of  
5 the superregion, separate from the MISO but joined  
6 as a superregion, the decisionmakers have to be  
7 independent. The last six months they have not  
8 been. Today they're not.

9 And that's kind of a threshold issue with  
10 regard to Alliance.

11 CHAIRMAN WOOD: I mean, is part of that  
12 that they haven't really got a national grid or  
13 somebody in place to start making those decisions?  
14 I mean, are you concerned about it as the intended  
15 plans for National Grid are?

16 MR. ELLIS: This is Dave Ellis again. I  
17 am not as much -- and some other states may disagree  
18 with me. I am not as much as what's just been going  
19 on for the last six months. It's clearly -- it's  
20 clear that the so-called Grid Co or whatever interim  
21 decisionmaking has been in place is under the  
22 control, if you will, of generation owners in the  
23 Alliance. No question about that.

24 I think that the move to either National  
25 Grid or some other independence is -- was important

1 and should have been done months ago.

2 MR. SVANDA: This is Dave Svanda, and  
3 Michigan certainly agrees with those comments with  
4 regard to the relationship between Alliance and  
5 National Grid. National Grid could be bringing an  
6 impeccable reputation and transcript to the table,  
7 and yet because of the Alliance companies, they are  
8 tarnished.

9 And we've told National Grid that  
10 directly, that we don't have any confidence, we  
11 don't have any trust in the way that they have been  
12 retained or proposed to be retained, because of that  
13 lack of trust, we can't rely on what kind of  
14 deliverables they might bring, what kinds of issues  
15 that we just are totally unaware of because the  
16 retention process was accomplished in the Alliance  
17 black box that none of us have access to and none of  
18 us have any sense of quality control over.

19 And so may be a good company, but the way  
20 they have been retained and the reputation of those  
21 that have retained them brings the whole matter into  
22 huge question.

23 MR. NELSON: Let me add to that, Dave,  
24 this is Bob Nelson. I agree with that, but I think  
25 if you look at what the agreement that was filed

1       between National Grid and Alliance, still retains  
2       physical operation control with the transition  
3       companies and only functional control with the  
4       National Grid. I think that's the problem that has  
5       to be addressed even -- certainly National Grid is  
6       an improvement over the situation we've been living  
7       with for the last six months.

8               CHAIRMAN WOOD: In the nature of the  
9       contract between National Grid and Alliance  
10      companies, really, the fulcrum we've got as  
11      regulators to make sure that relationship really  
12      stays on the public interest track, or is it  
13      impossible to regulate through a contract?

14             MR. NELSON: I think that's one way to do  
15      it, Pat. This is Bob Nelson again. I think -- I  
16      think it's an opportunity for you to move ahead, in  
17      my view, anyway.

18             MR. ELLIS: This is Dave Ellis. I mean, I  
19      agree. Frankly, and this will be old hat to some of  
20      other states that have been involved in this debate,  
21      among ourselves. National Grid, or whoever it is,  
22      needs plenary authority to be independent and to  
23      make any decisions that they believe need to be  
24      made, including undoing decisions that have been  
25      made to date. If they don't have that authority,

1           then they're not really truly independent.

2           MR. SVANDA: Dave Svanda again. I agree,  
3           kind of the same way we need a definition of  
4           Midwest, we need a definition of tweaking on that  
5           contract. I guess I would envision probably a major  
6           overhaul would be necessary before we would actually  
7           get to a level of confidence that they are going to  
8           be doing the right things for the right reasons on  
9           all of our behalves.

10          CHAIRMAN WOOD: Anybody else from  
11          Alliance state, in that independence issue is kind  
12          of focused on those states? But Judy, are you still  
13          on? Are there any thoughts from folks in Ohio  
14          about --

15          MS. JONES: Yeah, I would agree with Dave  
16          Ellis. I think that's our position. The authority  
17          of National Grid and the independence that they have  
18          and their ability to review past decisions and have  
19          an impact on possible changes, I think, is very key.

20          MR. SMITH: This is Bill Smith from Iowa  
21          staff. And I don't view that as strictly an issue  
22          for the Alliance states. We are not an Alliance  
23          state, but because we are chained through the IRCA  
24          with the Alliance and through our utility's  
25          membership in MISO, we feel that that issue reaches

1       farther. That independence issue must be dealt with  
2       first and quickly so that if the Alliance is to  
3       continue in existence and to be able to have any  
4       chance of achieving its obligations under the IRCA,  
5       those steps must be taken very quickly. They're  
6       going to take some very strong leadership from FERC.

7               But absent those things, we can't get the  
8       things that we bargained for in the settlement last  
9       spring, and we feel that if we can't get those, then  
10      we need something else so that we can go forward and  
11      get the things that we need to have the marketplace  
12      we need.

13             MR. GARVIN: This is Bert Garvin in  
14      Wisconsin again. I will give it another try.

15             We feel very strongly about the need to  
16      have a stand-alone regional transmission  
17      organization. The concerns have been expressed  
18      about making sure that the Alliance is a stand-alone  
19      independent organization. That's great. But we are  
20      still going to be facing this issue at least  
21      immediately south to our border, of being around the  
22      seam of two stand-alone companies even if we're  
23      successful.

24             I guess that's why we're a little  
25      skeptical, because from a Wisconsin perspective,

1       we're going to be on the seams with Illinois and the  
2       Alliance, and we're going to be a MISO member and  
3       immediately to our west is potentially Translink, so  
4       that's why we again want to encourage you to try to  
5       develop a stand-alone, one RTO. I don't know,  
6       Michigan may agree or not agree on that. I don't  
7       want to speak for Dave or Bob.

8               CHAIRMAN WOOD: Well, Bert, it's Pat.  
9       Let me follow up. My understanding of Translink,  
10      and they were filing to be a company under the MISO  
11      umbrella. Is that correct?

12             MR. GARVIN: That's correct.

13             CHAIRMAN WOOD: But you viewed them even  
14      though they would be a company under the MISO  
15      umbrella, just like ATC -- or the company in  
16      Michigan is ATC -- in Wisconsin is ATC; right?

17             MR. GARVIN: Yes, sir.

18             CHAIRMAN WOOD: Would those be a similar  
19      type? I mean, would you see those as being similar  
20      arrangements underneath a MISO umbrella?

21             MR. GARVIN: Well, we're concerned with  
22      what -- now, I have limited knowledge. I'm the new  
23      guy on the Commission. But the Translink proposal,  
24      I guess the concerns we have, and staff has  
25      expressed, is about just some of the operations of

1       how they're going to provide transmission service,  
2       and in particular, their efforts to control and  
3       administer a separate tariff under the MISO.

4               And there's also some concerns we have  
5       with regional planning, on whether or not they're  
6       actually going to do their own thing.

7               Those are some of the concerns we have  
8       with Translink, but we have not filed a protest yet  
9       in that regard.

10              CHAIRMAN WOOD: And for those of you just  
11       processwise, I think going forward, your comments,  
12       whether you file in the case or not, you know, as  
13       regulators of the Midwest, we want to hear them.  
14       And really either through this panel as we're doing  
15       today or in any other manner. So I don't -- don't  
16       feel like you have to be involved as a Protester or  
17       Intervenor in any of these cases to weigh in. I  
18       think that's kind of part of the new world we're  
19       trying to set up here is that this really is an --  
20       ongoing.

21              So Bert, as you and Wisconsin folks have  
22       thoughts on these filings ahead of us, we really do  
23       want to try to get your input on all that and try to  
24       make sure we address as many of these concerns as we  
25       can before we make some decisions.

1           MR. HADLEY: Chairman Wood, this is  
2           Commissioner Hadley in Indiana.

3           CHAIRMAN WOOD: Hey, David. How are you?

4           MR. HADLEY: Okay, thank you. We have our  
5           chairman and there's four commissioners here and a  
6           number of our staff, and we have been silent  
7           throughout this.

8           CHAIRMAN WOOD: We've been waiting for  
9           you to pop in.

10          MR. HADLEY: Unfortunately, I'm going to  
11          have to tag on to your last comment. The past week  
12          we had two separate causes that we consolidated for  
13          purposes of hearing, that dealt with transfer of  
14          assets of our utilities either to the Alliance or to  
15          the Midwest ISO. We're in deliberative process now  
16          and will be issuing the order hopefully before very  
17          much longer.

18          So the most that we're allowed to say  
19          after counsel's conversation with us, and they're  
20          sitting on me rather hard here, as all of us are,  
21          because these are very critical issues. We had made  
22          comments in the past that are part of the record  
23          through the collaborative efforts of states.  
24          Michigan has been leading in the conference for us  
25          here, and we've been happy to participate and give



1       you our viewpoints on many of these issues.

2               And while we're silent on some of these  
3       specifics until we get this order behind us, we look  
4       forward to continuing the dialogue and the open  
5       conversation you've opened today. And we really  
6       value this opportunity and would be much more  
7       participative in the future.

8               CHAIRMAN WOOD: I'm just thrilled you all  
9       are on here and want to thank you for your time  
10      today. I know Kelvin started off from Missouri with  
11      a similar comment, and we certainly have been there  
12      before, both -- Nora and I both, and want to respect  
13      that you have pending dockets.

14              Thank you for making that point, David,  
15      because you all are right in the heart of all the  
16      big seam we're talking about trying to get sewed up  
17      here.

18              MR. HADLEY: Our sleeves are rolled up  
19      with you and we're working hard on the issue.

20              MR. CADDEN: This is Kevin. Could I ask  
21      anyone who rang in after I did the roll call to  
22      announce who they are and what state they're from?  
23      If I missed anybody.

24              MR. WALKER: This is Cody Walker, I don't  
25      know if you got me or not. I chimed in late.

1 MS. REHA: Phyllis Reha from the Minnesota  
2 commission is here.

3 MR. CADDEN: Anyone else?

4 MR. WITMER: Joe Witmer from the  
5 commissioner's office from Pennsylvania.

6 MR. CADDEN: Hi, Joe. Any anyone else?

7 MR. SAPPER: David Sapper, S-a-p-p-e-r,  
8 from commissioner's office in Tennessee.

9 MR. HUNDRIESER: Dennis Hundrieser from  
10 the Illinois Commerce Commission.

11 MR. CADDEN: Thank you. Anyone else?

12 CHAIRMAN WOOD: Just to repeat, we are  
13 transcribing the entire visit that we're having this  
14 morning, and this transcript will be placed in the  
15 next couple of days in the relevant dockets as  
16 determined by our general counsel.

17 So that's --

18 MR. CADDEN: I would also like the record  
19 to reflect that during the course of the meeting,  
20 that only Chairman Wood and Commissioner Brownell,  
21 the commissioners, were here, and staff were myself  
22 from the office of the executive director, Cindy  
23 Marlette -- I'm sorry, office of external affairs,  
24 Cindy Marlette, acting general counsel; Shelton  
25 Cannon, deputy director of OMTR; Andrew Soto,

1       advisor to the chairman; Jamie Simlev, advisor to  
2       Commissioner Brownell; Bud Earley, advisor to  
3       Commissioner Massey; Kevin Kelly from OMTR, Mike  
4       McLaughlin from OMTR, Tony Ingram from OMTR and Joe  
5       power from OMTR.

6               UNIDENTIFIED SPEAKER: For the record,  
7       from Indiana, Chairman Bill McCarty joined just  
8       after we announced participants from this state, so  
9       we would add him to the record.

10              CHAIRMAN WOOD: Great. Welcome, Bill.

11              COMMISSIONER BROWNELL: I would add, and I  
12       probably don't need to, but the other commissioners  
13       are obviously very interested in the outcome here,  
14       but because of our rules obviously only two of us  
15       can be in the room, so their absence simply reflects  
16       that we have a team agreement and we'll be sure to  
17       relate the discussions to them.

18              MR. SMITH: This is Bill Smith, Iowa  
19       staff. Two procedural points. I take it from  
20       Chairman Wood's comment that we do not need to file  
21       intervention language in the RT-02 docket?

22              MR. CADDEN: Cindy --

23              MS. MARLETTE I only paused on  
24       Commissioner Brownell's statement that they will not  
25       have more than two commissioners discussing the

1 issues at any time. Just to make clear.

2 CHAIRMAN WOOD: Does he need to intervene  
3 in the RT-02 docket?

4 MS. MARLETTE: The lead generic docket?  
5 Only if your state commission wants to participate  
6 as a party, as we develop the rulemaking. Is that  
7 what --

8 CHAIRMAN WOOD: No, these RT dockets.

9 MS. MARLETTE: No, you don't need to in  
10 the umbrella docket.

11 CHAIRMAN WOOD: The answer to your  
12 question is no, that we will file this transcript  
13 and that will be all that needs to happen as a  
14 result. If you all want to participate in any of  
15 the other cases as litigating parties, if you choose  
16 to do so, certainly you may. And if you want to  
17 just continue to rely on the consultation that we're  
18 setting up here and we intend to use again and again  
19 and again, that would be a good way to go as well.

20 So I think either way, your points of view  
21 are going to be heard and digested by us, and  
22 whatever way you all feel comfortable with, I'll  
23 leave it up to you and you-all's lawyers to decide  
24 how you want to participate up here.

25 MR. SMITH: Thank you. The other side

1 issue is you mentioned that -- this is Bill Smith  
2 again -- that you intended to reach all the  
3 Translink states with this call. The Translink  
4 footprint includes Wyoming, Colorado and New Mexico,  
5 who I did not hear called on the roll call.

6 CHAIRMAN WOOD: And you would be right,  
7 they are not. Why would they not have been  
8 involved, do we know?

9 MR. SMITH: I think they're primarily  
10 Western Interconnect.

11 CHAIRMAN WOOD: Good question, Bill. I  
12 don't have an answer for you.

13 MR. SMITH: May be a PR factor to make  
14 them aware that the call did involve a little bit of  
15 the Translink discussion.

16 CHAIRMAN WOOD: Okay. Thank you for  
17 that, Bill. Appreciate it. So from Montana to  
18 North Carolina, the Midwest grows.

19 (Laughter.)

20 MR. CADDEN: My 12-year-old will be glad,  
21 taking geography, will be glad the Midwest is so  
22 big.

23 CHAIRMAN WOOD: Any other thoughts? I  
24 don't want to pack up before anybody that had  
25 something to weigh in with big picture or little

1 picture -- you can get down to the 1-foot level if  
2 you want. This is kind of our time to talk and  
3 we'll have it again, but we did want to visit before  
4 you all needed to file comments, and we wanted that  
5 to be done in advance of our December 19 meeting so  
6 we could make some cuts on these RT dockets that  
7 have been here for a while in the Midwest, and try  
8 to get on with setting up some wholesale markets out  
9 there.

10 MR. GARVEY: This is Edward Garvey from  
11 Minnesota.

12 CHAIRMAN WOOD: Hello, Edward Garvey from  
13 Minnesota.

14 MR. GARVEY: Just I guess a couple -- four  
15 or five points, and at the 36,000, if not the  
16 52,000, level. Make these things big, do it fast.  
17 You already heard from Calvin that some of the  
18 things that are already going on on this. Make sure  
19 there are no seams. Sew them up and sew them up  
20 tight. If that means you have to crack some heads,  
21 so be it and get it done.

22 Finally, make sure that as you develop  
23 these things and you develop the market rules for  
24 how the RTOs are going to operate, that you develop  
25 rules that will permit or encourage the development

1 of demand side solutions as alternatives to  
2 traditional G&T solutions.

3 Those are my comments, Mr. Chairman.

4 CHAIRMAN WOOD: And I appreciate you  
5 providing them. Anybody else? Going, going, gone.  
6 Thank you for your time today. I very much  
7 appreciate it, Nora does. And on behalf of Linda  
8 and Bill, we want to thank you for the time you've  
9 given to this effort. We know that there's a split  
10 jurisdictional status under all of our laws, and I  
11 just want and hope that during my time here, that we  
12 make that irrelevant, that we work together really  
13 as a team to make these markets work for all of our  
14 customers, because that's what we're here for.  
15 We'll get on our job, based on your good advice, and  
16 look forward to getting your comments.

17 And again, I think that logistics on that  
18 were put forth in the letter on November 9. But if  
19 there are any follow-up questions on that, we've got  
20 Kevin's number on there. Kevin Cadden, who has been  
21 our team leader for this call. Thank you again, and  
22 we will conclude this session with our thanks.

23 COMMISSIONER BROWNELL: Thank you. It's  
24 been really helpful.

25 (Whereupon, at 11:40 a.m., the panel

1 conference was concluded.)

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